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International trade statistics

Task Force on International Trade Statistics

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on International Trade Statistics (Convener: World Trade Organization), which is contained in the annex to the present report. The report is transmitted to the Commission in accordance with a request of the Commission at its twenty-ninth session[1] and a request of the Working Group on International Statistical Programmes and Coordination at its nineteenth session (see E/CN.3/1999/20, para. 10).

Notes

[1] See *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), chap. IA.

* E/CN.3/1999/1.

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Annex

Task Force on International Trade Statistics

Report prepared by World Trade Organization (Convener)

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I. Introduction

1. At its twenty-ninth session (New York, 11–14 February 1997), the Statistical Commission:[a]

(a) Decided that the order of priority for carrying out methodological work should be:

(i) Preparation of a compiler's manual;

(ii) Preparation of a revision of *Customs Areas of the World*;[b]

(iii) Collection of technical information on index numbers of international trade statistics;

(b) Encouraged all countries to supply the commodity breakdown of their current and past international trade statistics to the United Nations Statistics Division, preferably in terms of the Harmonized Commodity Description and Coding System (HS), for the purpose of completing the Statistics Division database according to HS;

(c) Welcomed the adoption, by the Harmonized System Committee (HSC) of the World Customs Organization (WCO), of the draft recommendation that countries provide the United Nations Statistics Division with their international trade statistics according to HS and expressed its support for the adoption of that recommendation by the WCO Council;

(d) Decided that the Task Force on International Trade Statistics should continue to function and should address the issues set out in its report to the Commission (E/CN.3/1997/10, annex) and other issues within its established terms of reference;

(e) Adopted the draft revised concepts and definitions for international merchandise trade statistics (PROV/ST/ESA/STAT/SER.M/52/Rev.2),[c] subject to the Secretariat's incorporating amendments that would clarify the draft text while maintaining its structural integrity;

(f) Requested the Secretariat to publish and distribute the revised concepts and definitions;

(g) Also requested the Secretariat to work towards further harmonization of the concepts and definitions for international merchandise trade statistics with the *System of National Accounts 1993* (1993 SNA)[d] and the fifth edition of the *Balance of Payments Manual*, of the International Monetary Fund (IMF).[e]

2. At its nineteenth session (New York, 10–12 February 1998), the Statistical Commission's Working Group on International Statistical Programmes and Coordination:

(a) Noted the actions that the Task Force had taken and its plans for further action in relation to the requests made of it by the Statistical Commission at its twenty-ninth session;

(b) Endorsed the idea that the international trade statistics database maintained by the United Nations Statistics Division according to five commodity classifications from 1962 to date (Harmonized Commodity Description and Coding System,[f] 1996 and 1988 versions; and revisions 1, 2 and 3 of the Standard International Trade Classification) could be rationalized to a smaller number of classifications, and requested the Task Force to (i) study the burdens placed on international organizations by their having to maintain concordances and recompile international trade data according to those classifications; (ii) review the problem of maintaining comparable time series of trade; (iii) develop proposals on what to do in the medium- and long-term future, including a consideration of the use of the Central Product Classification, as suggested by the Commission at its twenty-seventh session; and (iv) include the results in its report to the Commission at its thirtieth session (see E/CN.3/1999/20, para. 10).

II. Compiler's manual

3. The Task Force endorsed a work plan that will result in the manual being completed in the year 2000. The manual will be developed as a synthesis of several available national and international manuals and amended to comply with the revised concepts and definitions. The manual will provide guidance on how to implement and interpret the International Merchandise Trade Statistics Concepts and Definitions, revision 2 (IMTS, Rev. 2) through further explanation and examples, particularly for border-line practices that may not be clear, but without extending the concepts and definitions as such; it will embody clarifications on how to calculate the adjustments mentioned in IMTS, Rev. 2 for balance-of-payments purposes. An outline has been prepared by the United Nations Statistics Division and was distributed to members of the Task Force and a number of countries in September 1998. Broad involvement and consultation with countries is planned.

III. Customs areas of the world

4. The United Nations Statistics Division prepared a questionnaire aimed at obtaining from countries detailed definitions of their statistical territories for international merchandise trade statistics in as standardized a format as possible. The Task Force endorsed the questionnaire, with some amendments. It also agreed to change the name of the publication to "Statistical territories of the world for use in international merchandise trade statistics". The publication is planned to be completed in 2000, but may be available ahead of schedule in 1999.

IV. Index numbers of international trade: technical information

5. The United Nations Statistics Division has started to collect technical information on country practices and has reviewed existing United Nations publications with a view to preparing a technical report after the publications mentioned in paragraphs 3 and 4 above are completed.

V. Provision by countries to the United Nations Statistics Division of international trade statistics in terms of the Harmonized System

6. The United Nations Statistics Division has continued its annual request to countries to supply their detailed international merchandise trade statistics to the Division in terms of the HS, or national classification if the country has not adopted the HS. The Council of the World Customs Organization (WCO), at its ninetieth session (Budapest, 16–19 June 1997), adopted a recommendation concerning the reporting of trade data to the United Nations Statistics Division (see appendix), which had been proposed by the Harmonized System Committee of the WCO and supported by the Statistical Commission. Subsequently, the WCO secretariat sent the recommendation to national customs administrations, and the United Nations Statistics Division sent it to national statistical offices, encouraging countries to comply with the recommendation.

VI. Continued functioning of the Task Force

7. The Task Force met for two days in 1997 and 1998 (19 and 20 March 1997, and 25 and 26 February 1998).[8] Members maintained considerable contact with each other in between the meetings.

VII. Revised concepts and definitions for international merchandise trade statistics

8. The United Nations Statistics Division revised the text adopted by the Commission, in accordance with the Commission's directions (see para. 1 (e) above) and submitted it for editing, translation, publication and dissemination. It was issued in English in September 1998, and is expected to be issued in Arabic, Chinese, French, Russian and Spanish over the ensuing year. The Task Force agreed that the revision would enter into force when it was published, allowing a two-to-three-year period from 1 January 1999 over which countries can implement it. This transition period will accommodate legal and technical requirements at the country level. Such a period would also allow for the publication of the compiler's manual. The Task Force intends to address the further harmonization of the concepts and definitions for international merchandise trade statistics with the 1993 SNA and the fifth edition of the *Balance of Payments Manual* of the International Monetary Fund (BPM5) in conjunction with the preparation of the compiler's manual (see para. 3 above). The compiler's manual will correspond to the concepts and definitions already approved by the Commission, and the findings related to further harmonization will be scheduled for subsequent study.

VIII. Possible rationalization of the commodity classifications in the Commodity Trade Statistics Database

9. The Task Force noted that the United Nations Statistics Division is currently maintaining data according to five commodity classifications in its Commodity Trade Statistics Database (Comtrade), namely HS 96 (for data from 1996); HS 88 (for data from 1988); the Standard International Trade Classification (SITC) revision 3 (for data from 1988); SITC,

revision 2 (for data from 1976); and SITC, revision 1 (for data from 1962). This is a large undertaking in terms of system maintenance, data processing and storage. The Task Force discussed various options for rationalization of the Database but did not reach a conclusion since each option for the reduction of commodity classifications currently maintained had serious deficiencies and would result in some important user needs not being satisfied. The Task Force also considered the possibility of incorporating data according to the Central Product Classification (CPC), and possibly also the International Standard Industrial Classification of All Economic Activities (ISIC) in the Database. In conclusion, the Task Force agreed to the following:

(a) The World Trade Organization (WTO) would prepare a short note supporting the use of SITC, Rev. 1 as the basis for long-term time series;

(b) Each organization would prepare a review on whether and how the various SITC revisions are used in their organizations;

(c) Each organization would provide its views on the inclusion of CPC and other classifications, such as ISIC;

(d) The United Nations Statistics Division would investigate modifying its usage-recording system in Comtrade to record which of the commodity classifications in that Database are used and the level of commodity detail used.

10. A note on the question of rationalization, including the results of the work mentioned in paragraphs 9(a) to (d) above, prepared by the United Nations Statistics Division subsequent to the Task Force meeting of 25 and 26 February 1998 and circulated to members of the Task Force for comment, is contained in an addendum to the present report (E/CN.3/1999/4/Add.1). It will be discussed by the Task Force at its meeting scheduled from 8 to 10 March 1999.

IX. Other matters

A. Flow of data among international organizations

1. Use by the United Nations Statistics Division of International Monetary Fund monthly data

11. Following the completion of reconciliation exercises in 1996 and 1997, the United Nation Statistics Division is using all series of aggregate imports and exports in national currency and unit value/price and volume (quantum) index numbers reported by countries to the International Monetary Fund (IMF) and published in the *International Financial Statistics* (IFS). The United Nations Statistics Division continues to collect or estimate data for countries not reporting to IMF (some 60 countries). The United Nations Statistics Division has tentatively decided to adopt the IMF series of aggregate import and export values published in IFS in United States dollars. The timing of implementation depends upon changes to be made to computer programmes and working out the full set of implications for conversion factors used by the United Nations Statistics Division in other areas of work.

2. Differences between annual figures in the Commodity Trade Statistics Database and in the United Nations Statistics Division/International Monetary Fund database of aggregate imports and exports

12. The United Nations Statistics Division has continued to review the differences between the annual values of aggregate imports and exports in United States dollars provided by countries and stored in the Comtrade (aggregate of detailed commodity-by-partner data) and the aggregate imports and exports also provided by countries and stored in the United Nations Statistics Division/IMF database. The aim is to harmonize these two data sets as far as possible. A number of differences have been explained and appropriate adjustments have been made either to Comtrade data or to the United Nations Statistics Division/IMF aggregate database; this work is ongoing.

3. Arrangements between the Statistical Office of the European Communities, the Organisation for Economic Cooperation and Development and the United Nations Statistics Division for detailed trade data

13. Eurostat, the Organisation for Economic Cooperation and Development (OECD) and the United Nations Statistics Division are trying to move towards common sourcing of commodity trade data to eliminate duplication in collection and processing, and to improve the comparability of the data maintained by the three organizations. A jointly prepared proposal is that (a) OECD and the United Nations Statistics Division would take Eurostat-processed data for the five European countries that have ceased collecting intra-community imports on a country-of-origin basis; (b) the United Nations Statistics Division would take OECD-processed data for other OECD countries; and (c) the United Nations Statistics Division would continue to collect and process data for all other countries and make them available

to Eurostat and OECD. Issues that are involved are differences in definitions between national data supplied to the Statistical Office of the European Communities (Eurostat) compared to national data supplied to OECD and the United Nations Statistics Division, differences in methods used by the United Nations Statistics Division, OECD and Eurostat to process national data, and timeliness. The three organizations agreed to implement the scheme in 1998, using 1997 data, on a test basis. The United Nations Statistics Division decided that it would use, in the first instance, copies of the national data received by OECD rather than copies of the OECD-processed data until a thorough review of the OECD and the United Nations Statistics Division processing methods is made to assess similarities and differences.

14. In effect, the United Nations Statistics Division received data for 1997 from Eurostat for five European countries, and is comparing that data with data for those countries received directly from the countries and from OECD. The comparison is intended to assess the comparability of the sets of data, and to assess whether the Eurostat-sourced data is sufficiently comparable to the data in Comtrade database to be taken into Comtrade. Also, the United Nations Statistics Division and OECD have exchanged information on the 1997 data that each has received from OECD member countries. This exchange is to allow the two organizations to see if the data supplied by the countries is identical, and to provide a basis for the United Nations Statistics Division to decide upon sourcing the data from OECD in future instead of from the countries themselves. The United Nations Statistics Division has continued its efforts to collect data from all other countries of the world. The processing of national data carried out by the United Nations Statistics Division, OECD and Eurostat will be studied in more detail in 1999.

B. Comtrade: status, plans and user needs

15. The flow of data into Comtrade continues to improve as a result of continuing cooperation from countries, intensive follow-up by the international organizations, where necessary, and from the sharing of data collected by the international organizations.

C. Trade in military goods

16. The Task Force noted that the HS Review Subcommittee had recommended and subsequently the HS Committee had provisionally adopted the following breakdown for military trade in the next revision of the HS:

(a) To split 8805.20 (ground flying trainers) into 8805.21 (air combat simulators) and 8805.29 (other);

(b) To split 89.06 (other vessels) into 8906.10 (warships) and 8906.90 (other);

(c) To split 93.01 (military weapons) into 9301.11-19 (artillery weapons), 9301.20 (rocket launchers etc.) and 9301.90 (other), and to split 93.05 (parts) into 9305.10 (of military weapons) and 9305.90 (other);

17. The Task Force considered that the issue of the recording of trade in military goods had been pursued as far as possible, and agreed to close the issue.

D. Other business

1. Review of technical cooperation

18. Members of the Task Force exchanged information on their technical cooperation activities. The Task Force requested members to keep Eurostat informed as the focal point.

2. Mandate of the Task Force and its future

19. While noting that the Statistical Commission had considered that the Task Force should be continued, the Task Force agreed with a WTO proposal to reconsider the mandate and work plan of the Task Force in 2 to 3 years.

3. Time and place of the next meeting

20. The Task Force decided to hold its next meeting from 8 to 10 March 1999 at the headquarters of IMF at Washington, D.C.

X. Points for discussion

21. The Commission may wish to:

(a) Decide whether the conclusions on rationalization of the Comtrade database, as set out in paragraphs 9 and 10 above and Addendum 1, especially paragraph 17, adequately respond to the request made by the Working Group on International Statistical Programmes and Coordination;

(b) Approve the arrangements for collaboration on data collection and processing set out in paragraphs 11 through 14 above.

Notes

[a] *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), para. 39.

[b] Statistical Papers, Series M, No. 30/Rev.2 (United Nations publication, Sales No. E.89.XVII.12).

[c] Statistical Papers, Series M, No. 52/Rev.2 (United Nations publication, Sales No. E.98.XVII.16).

[d] Commission of the European Communities/International Monetary Fund/Organisation for Economic Cooperation and Development/United Nations/World Bank, *System of National Accounts, 1993* (Brussels/Luxembourg, New York, Paris, Washington, D.C., 1993).

[e] International Monetary Fund, *Balance of Payments Manual*, 5th ed. (Washington, D.C., 1993).

[f] Customs Cooperation Council, *The Harmonized Commodity Description and Coding System* (Brussels, 1984).

[g] The meetings were attended by representatives of the Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, Food and Agriculture Organization of the United Nations, International Monetary Fund, International Trade Centre, Organisation for Economic Cooperation and Development, Division for Development Policy Analysis of the United Nations Secretariat, United Nations Statistics Division, Statistical Office of the European Communities, World Customs Organization and World Trade Organization.

Appendix

Recommendation of the Customs Cooperation Council concerning the reporting of trade data to the United Nations Statistics Division

(...1997)

The Customs Cooperation Council,

Noting that the Harmonized System has been widely adopted by member countries and customs or economic unions for their customs tariff and statistical nomenclatures,

Considering that one of the stated aims of the Harmonized System is to facilitate the collection, comparison and analysis of international trade statistics,

Considering that a close correlation should be maintained between the Harmonized System and the Standard International Trade Classification (SITC) of the United Nations,

Having regard to the obligation under article 3 of the Harmonized System Convention for contracting parties to make publicly available their import and export trade statistics in terms of the Harmonized System,

Taking into account the needs of the United Nations Statistics Division to have trade statistics based on the Harmonized System,

Recommends that member administrations and contracting parties to the Harmonized System Convention report their import and export trade statistics to the United Nations Statistics Division in terms of the Harmonized System;

Requests member administrations and contracting parties to the Harmonized System Convention to notify the Secretary-General of their acceptance of this recommendation and of the date of its application.